

Financial Statements

Regional Access Project Foundation

June 30, 2019

Maryanov Madsen Gordon & Campbell
CERTIFIED PUBLIC ACCOUNTANTS - A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Regional Access Project Foundation

We have audited the accompanying financial statements of Regional Access Project Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors of
Regional Access Project Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Access Project Foundation as of June 30, 2019, and the changes in their net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Regional Access Project Foundation's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Maryann Mader Gordon & Campbell

Palm Springs, California
September 25, 2019

REGIONAL ACCESS PROJECT FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR JUNE 30, 2018

ASSETS

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 764,326	\$ 828,794
Cash held for others	4,156	4,156
Accounts receivable	45,456	1,500
Rents receivable	2,165	1,850
County tax increment funding receivable	756,117	763,036
Prepaid expenses	27,359	183,351
Investments	727,328	705,422
Deposits	16,320	16,320
Property and equipment, net	<u>2,958,374</u>	<u>3,051,374</u>
Total assets	<u>\$ 5,301,601</u>	<u>\$ 5,555,803</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 14,235	\$ 15,991
Accrued payroll	35,513	25,228
Grants payable	78,165	83,440
Deferred revenue	2,168	6,207
Tenant deposits	16,350	13,850
Agency funds held for others	<u>4,156</u>	<u>4,156</u>
Total liabilities	<u>150,587</u>	<u>148,872</u>
 NET ASSETS		
Without donor restrictions	5,048,701	5,214,573
With donor restrictions	<u>102,313</u>	<u>192,358</u>
Total net assets	<u>5,151,014</u>	<u>5,406,931</u>
Total liabilities and net assets	<u>\$ 5,301,601</u>	<u>\$ 5,555,803</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL ACCESS PROJECT FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	Without	With Donor	Totals	
	Donor Restrictions		Restrictions	2019
REVENUES				
County tax increment revenue	\$ 1,393,791	\$ -	\$ 1,393,791	\$ 1,356,371
Contributions	25,245	75,619	100,864	160,012
Grants	44,612	4,656	49,268	335,000
In-kind revenue	800	-	800	7,500
Membership	10,682	-	10,682	5,713
Interest	36,880	-	36,880	17,533
Gain (loss) on investments	(4,946)	-	(4,946)	39,387
Unrealized gain (loss) on investments	9,673	-	9,673	(11,638)
Other income	6,338	-	6,338	880
Rental income	244,073	-	244,073	188,342
Net assets released from restrictions	170,320	(170,320)	-	-
Total revenues	1,937,468	(90,045)	1,847,423	2,099,100
OPERATING EXPENSES				
Program services				
Grant allocations	1,091,019	-	1,091,019	728,727
Center for Nonprofit Advancement	461,644	-	461,644	513,749
Other programs	-	-	-	64,559
Total program services	1,552,663	-	1,552,663	1,307,035
Supporting services				
General administration	381,304	-	381,304	405,177
Facilities	156,513	-	156,513	405,177
Fundraising	12,860	-	12,860	4,392
Total supporting services	550,677	-	394,164	409,569
Total operating expenses	2,103,340	-	2,103,340	1,716,604
CHANGE IN NET ASSETS	(165,872)	(90,045)	(255,917)	382,496
NET ASSETS, beginning of year	5,214,573	192,358	5,406,931	5,024,435
NET ASSETS, end of year	\$ 5,048,701	\$ 102,313	\$ 5,151,014	\$ 5,406,931

The accompanying notes are an integral part of these financial statements.

REGIONAL ACCESS PROJECT FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	Program Services			Supporting Services			Totals		
	Grant Allocations	Center for Nonprofit Advancement	Total Program Services	General Administration	Facilities	Fundraising	Total Supporting Services	2019	2018
Salaries	\$ 86,838	\$ 149,754	\$ 236,592	\$ 81,606	\$ 26,882	\$ 12,860	\$ 121,348	\$ 357,940	\$ 354,416
Advertising and marketing	-	2,011	2,011	1,000	-	-	1,000	3,011	15,050
Bank and investment fees	-	-	-	11,809	-	-	11,809	11,809	6,972
Building maintenance	-	86,196	86,196	716	59,711	-	60,427	146,623	151,585
Communications	720	4,149	4,869	1,382	8,152	-	9,534	14,403	12,238
Computer services	-	5,537	5,537	7,415	5,463	-	12,878	18,415	33,341
Depreciation expense	10,250	10,250	20,500	81,998	-	-	81,998	102,498	97,255
Employee benefits	18,867	30,503	49,370	23,485	1,269	-	24,754	74,124	71,736
Equipment lease & administration	-	582	582	2,983	4,997	-	7,980	8,562	7,019
Event expenses	-	2,185	2,185	-	-	-	-	2,185	106,464
Grants to exempt organizations	843,690	-	843,690	-	24,908	-	24,908	868,598	571,185
Insurance	463	1,168	1,631	27,528	295	-	27,823	29,454	18,454
Office expenses	1,783	8,001	9,784	13,700	2,022	-	15,722	25,506	30,656
Other program expenses	107,203	2,175	109,378	64,450	-	-	64,450	173,828	38,552
Payroll taxes	9,245	8,447	17,692	10,917	3,629	-	14,546	32,238	38,105
Postage and printing	-	-	-	471	-	-	471	471	285
Professional services	2,900	4,350	7,250	44,280	-	-	44,280	51,530	36,830
Retirement plan	-	-	-	-	18,817	-	18,817	18,817	18,079
Technical assistance to other organizations	7,500	105,033	112,533	-	-	-	-	112,533	87,986
Training, conferences, and meetings	1,206	39,458	40,664	3,096	179	-	3,275	43,939	16,414
Travel and mileage	354	1,845	2,199	4,468	189	-	4,657	6,856	3,982
Total expenses	\$ 1,091,019	\$ 461,644	\$ 1,552,663	\$ 381,304	\$ 156,513	\$ 12,860	\$ 550,677	\$ 2,103,340	\$ 1,716,604

The accompanying notes are an integral part of these financial statements.

REGIONAL ACCESS PROJECT FOUNDATION

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (255,917)	\$ 382,496
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	102,498	97,256
Gift in kind revenue	(800)	(7,500)
Gift in kind expense	800	-
Net realized and unrealized gain on investments	(4,727)	(27,749)
Changes in operating assets and liabilities:		
Accounts receivable	(43,956)	577
Rents receivable	(315)	(216)
County tax increment funding receivable	6,919	(18,798)
Prepaid expenses	155,992	(77,379)
Deposits	-	(400)
Accounts payable	(1,756)	1,023
Accrued payroll	10,285	(12,826)
Grants payable	(5,275)	45,690
Deferred revenue	(4,039)	(4,115)
Tenant deposits	2,500	7,200
	<u>(37,791)</u>	<u>385,259</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(610,816)	(110,464)
Proceeds from investments	593,948	231,971
Purchases of property and equipment	(9,809)	(343,071)
	<u>(26,677)</u>	<u>(221,564)</u>
Net increase (decrease) in cash and cash equivalents	(64,468)	163,695
Cash and cash equivalents, beginning of year	<u>832,950</u>	<u>669,255</u>
Cash and cash equivalents, end of year	<u>\$ 768,482</u>	<u>\$ 832,950</u>

The accompanying notes are an integral part of these financial statements.

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Regional Access Project Foundation (the Foundation) was incorporated on October 8, 1992, for the purpose of enhancing and facilitating health, mental health, and juvenile services in eastern Riverside County, California. The Foundation's corporate offices are located in Palm Desert, California. The Foundation's primary program services include financial grants and technical assistance to qualified exempt organizations throughout eastern Riverside County. The Foundation is both publicly and privately funded. The Foundation's primary source of annual funding is tax increment funds (sales tax) received under an agency agreement (Note 8) with the County of Riverside (the County). Approximately 75% of the Foundation's support for the year ended June 30, 2019 came from tax increment funds received under this agency agreement. The Foundation also receives grants from other exempt organizations, governmental agencies and foundations, as well as private contributions from individuals.

Program Services

The Foundation provides the following program services:

Grant Allocations to Other Exempt Entities – The Foundation provides cash grants to tax exempt entities that provide health, mental health, or juvenile intervention services to residents of eastern Riverside County. Cash grants are funded annually from the tax increment funding received under the agreement with the County of Riverside.

Center for Nonprofit Advancement (CNA) – While cash grants are a major part of the Foundation's activities, grants of technical assistance became a priority when it was found that a variety of exempt organizations did not have the tools necessary to manage their organization or grants. The Technical Assistance Program (TAP) was established and funded by monies received annually from the tax increment funding received under the agreement with the County. In 2016, the program was expanded to provide training and capacity building for a variety of exempt organizations. The program was renamed to the Center for Nonprofit Advancement.

Income Tax Status

The Foundation, a California not-for-profit Corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code.

The Foundation follows accounting standards relating to accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclose uncertain tax positions taken by an organization. Management assessed whether there were any uncertain tax positions which may require accrual or disclosure and determined that there were no such matters requiring recognition in the accompanying financial statements.

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REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The governing board has designated, from net assets without donor restrictions, net assets for a building reserve fund.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Foundation's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Foundation's donor-restricted endowment funds, including the unspent appreciation of the endowment fund, and the Foundation's beneficial interest in a perpetual charitable trust held by a bank as trustee, are classified in net assets with donor restrictions.

Continued

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The process of preparing of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Continued

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of reporting cash, the Foundation considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk are cash and cash equivalents. The Foundation maintains their cash accounts with various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances may exceed the FDIC insured levels at various times during the year. The Foundation believes there is little risk in any losses and has not experienced any losses in such amounts. At June 30, 2019, the Foundation's cash and cash equivalents exceeded federally insured limits by \$32,279.

County Tax Increment Funding Receivable and Other Receivables

The county tax increment funding receivable and other receivables represent considerations for which the Foundation has an unconditional right to receive. Receivables are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2019, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investments

The Foundation's investments are held at readily determinable fair values and reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

Continued

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost when purchased, or at fair market value at the date of the donation. The Foundation has a minimum capitalization policy of \$1000. Depreciation is calculated using the straight-line method over the assets' estimated useful lives as follows:

Building	39 years
Tenant improvements	Length of lease
Office equipment	5 – 7 years
Computer equipment	3 – 5 years

Depreciation expense for the year ended June 30, 2019 was \$102,498.

Agency Funds Held for Others

From time to time, the Foundation enters into agency service agreements with other exempt organizations. Funds held on behalf of other agencies are maintained in separate accounts and are disbursed in accordance with directives from those entities. Such funds are reported as an offsetting asset and liability on the statement of financial position.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 1: CHANGE IN ACCOUNTING PRINCIPLE

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance uses a principles-based approach for determining revenue recognition and eliminates the transaction and industry-specific guidance. The new guidance establishes a five-step approach for the recognition of revenue.

The Foundation adopted ASU 2014-09 effective July 1, 2018. The Foundation assessed the various contractual arrangements and performance obligations for major revenue streams, the impacts to internal processes, the control environment, disclosures, and determined that the adoption of ASU 2014-09 will not result in a material change to the timing of when revenue is recognized.

While Topic 606 is generally applied to an individual contract with a customer, as a practical expedient the Foundation may apply this guidance to a category of performance obligations with similar characteristics, such as rental contracts. The Foundation reasonably expects that the effects of applying this guidance to the category would not differ materially from applying the guidance to the individual performance obligations within the category.

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The format of the statement of cash flows has changed to the direct method of reporting cash flows from operations, which we believe to be more understandable for the users of our financial statements.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 2).

Continued

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: CHANGE IN ACCOUNTING PRINCIPLE (Continued)

Presentation of Financial Statements of Not-for-Profit Entities (Continued)

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class:	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted	\$ 5,164,573	\$ -
Unrestricted – designated for building reserve fund	50,000	-
Temporarily restricted	190,358	-
Without donor restrictions	-	5,214,573
With donor restrictions	<u>-</u>	<u>192,358</u>
Total net assets	<u>\$ 5,406,931</u>	<u>\$ 5,406,931</u>

Clarifying the Scope and Accounting Guidance for Contributions Received and Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958)—Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The Foundation adopted ASU 2018-08 effective July 1, 2018 and determined that the adoption will result in a material change to how it accounts for grants paid as a resource provider.

The guidance allows for both modified prospective and retrospective methods of adoptions. The Foundation has applied the new guidance using the modified prospective method applied to grants with remaining obligations as of July 1, 2018. Under the modified prospective approach no prior period adjustment is required for completed agreements, therefore, the Foundation will not restate comparative periods in the financial statements.

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets:	
Cash and cash equivalents	\$ 768,482
Accounts receivable	803,738
Investments	<u>727,328</u>
Total financial assets	2,299,548
Less those unavailable for general expenditures within one year:	
Donor restricted for specific programs	103,813
Board designated – building reserve fund	<u>50,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,145,735</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3: FAIR VALUE MEASUREMENTS

The Foundation follows accounting standards relating to fair value measurements which define fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard relating to the fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three-level valuation hierarchy on inputs is summarized as follows:

- Level 1 quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 observable inputs other than quoted prices as described in Level 1 for the asset or liability through corroboration with market data at the measurement date.

Continued

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

- Level 3 unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

As of June 30, 2019, the Foundation's financial instruments consist of cash and cash equivalents, investments, and assets held by The Community Foundation. The fair values of the Foundation's financial instruments excluding investments and assets held by The Community Foundation approximate their fair values because of the short-term nature of these instruments.

The following table sets forth by level within the fair value hierarchy the Foundation's assets at fair value as of June 30, 2019:

	Assets at Fair Value as of June 30, 2019			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
<u>Assets</u>				
Investment – mutual funds	\$ 415,358	\$ -	\$ -	\$ 415,358
Assets held by The Community Foundation	<u>-</u>	<u>311,970</u>	<u>-</u>	<u>311,970</u>
	<u>\$ 415,358</u>	<u>\$ 311,970</u>	<u>\$ -</u>	<u>\$ 727,328</u>

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 was comprised of the following:

Building	\$ 2,559,525
Tenant improvements	537,766
Computer equipment	101,035
Office equipment	<u>83,942</u>
	3,282,268
Less accumulated depreciation	<u>(323,894)</u>
	<u>\$ 2,958,374</u>

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2019:

Special events	\$ 41,746
Prevent Child Abuse Riverside County	6,675
Desert Legal Foundation	39,882
Other programs	<u>14,010</u>
	<u>\$ 102,313</u>

NOTE 6: NET ASSETS RELEASED FROM RESTRICTION

Net assets with donor restrictions were released from the following purposes during the year ended June 30, 2019:

Special events	\$ 65,536
Palm Desert Sheriff's station funds	100,000
Prevent Child Abuse Riverside County	3,500
Other programs	<u>1,284</u>
	<u>\$ 170,320</u>

NOTE 7: BOARD-DESIGNATED NET ASSETS

The governing board of the Foundation has designated net assets without donor restrictions for a building reserve fund as described in the summary of significant accounting policies. For the year ended June 30, 2019, the building reserve fund was \$50,000.

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8: FUNDING FROM RIVERSIDE COUNTY

The Foundation is party to an agreement with the County of Riverside entitled "County of Riverside Service Agreement" dated March 29, 2016 (which superseded the August 16, 1994 agreement) (County Agreement), pursuant to which the County agreed to distribute to the Foundation certain sales tax funds received by the County. The County's Governmental Revenue Sharing Agreements with the City of Palm Desert (the City) contains a provision that the City shall pay to the County the amount of redevelopment "tax increment that is equal to the amount of sales taxes paid to the City from the redevelopment site" (Alternative Funding Provisions).

The term of the County Agreement is through June 30, 2020, unless the County notifies the Foundation of its intent to terminate pursuant to Section 5 of the County Agreement, which allows for termination upon 30 days written notice. Based upon the fact that no such termination notice has been received by the Foundation, and the fact that the County Agreement can be terminated prospectively upon written notice, management is of the opinion that the Foundation accrues the right to receive sums due under this agreement as of and when the County accrued the right to receive the applicable tax increment upon which payments to the Foundation are based. Accordingly, as previously described in the summary of significant accounting policies, the Foundation has recorded a receivable of \$756,117 from the County as of June 30, 2019.

NOTE 9: GRANT ALLOCATIONS TO OTHER EXEMPT ENTITIES

As described in the summary of significant accounting policies, the Foundation provides cash grants to tax exempt entities that provide health, mental health, or juvenile intervention services to residents of eastern Riverside County. For the year ended June 30, 2019, the Foundation provided grants for the following purposes:

General health grants	\$ 267,532
Mental health grants	392,326
Juvenile intervention grants	<u>2,750</u>
	<u>\$ 662,608</u>

REGIONAL ACCESS PROJECT FOUNDATION

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10: EMPLOYEE RETIREMENT BENEFIT PLAN

The Foundation contributes on behalf of its employees to a 401(k) retirement plan. All full-time employees who are at least 18 years of age are eligible to participate in the plan. Under this plan, the Foundation contributes a dollar for dollar match of the participating employees' deferral amounts each year, up to 5% of the employees' compensation for the plan year. The Foundation made \$18,817 of matching contributions to employee retirement plans during the year ended June 30, 2019.

NOTE 11: COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Certain June 30, 2018 balance sheet and expense groupings have been changed to match the June 30, 2019 presentation. These groups have no effect on the net assets of the Foundation, other than those described in Note 1, change in accounting principle.

NOTE 12: SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through September 25, 2019, when the financial statements were available to be issued, and determined that no subsequent events required disclosure.